



COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR



MARK J. SALADINO
TREASURER AND TAX COLLECTOR


KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 437
LOS ANGELES, CA 90012

TELEPHONE
(213) 974-2101

FACSIMILE
(213) 626-1812

August 24, 2006

TO: Kiran Mirza, Legislative Deputy, First Supervisorial District
Clinton Tatum, Senior Deputy, Second Supervisorial District
Genie Chough, Budget Deputy, Third Supervisorial District
Rick Velasquez, Assistant Chief Deputy, Fourth Supervisorial District
Lori Glasgow, Assistant Chief Deputy, Fifth Supervisorial District

FROM: Mark J. Saladino
Treasurer and Tax Collector 

SUBJECT: **AGENDA ITEM NO. 70, FOR AUGUST 29, 2006 –
RECOMMENDATION TO APPROVE AMENDMENT NUMBER SIX TO
AGREEMENT NUMBER 72748 WITH WAUSAU FINANCIAL
SYSTEMS, INC., TO EXTEND THE TERM OF AGREEMENT**

The Treasurer and Tax Collector (TTC) has filed the attached Board letter for the Board of Supervisors' meeting of August 29, 2006, requesting approval of Amendment Number Six to Agreement Number 72748 with Wausau Financial Systems, Inc. (WFS). The term of the agreement will be extended on a month-to-month basis at the County's option, through no later than January 31, 2007. This extension will increase the maximum County obligation by \$88,760 for a total of \$3,983,139 over the entire term of the Agreement. TTC has sufficient funds in its current budget to cover the maximum amount of the Amendment.

On June 6, 2000, the Board approved an Agreement with WFS to provide a Remittance Processing and Image Archive System (System). This System processes over eight million payment transactions per year. The System also provides automated payment processing, including daily bank deposits, and imaging and archiving of payment transactions. This automated System is vital to TTC's daily responsibilities. The current contract expires September 30, 2006.

This Amendment will enable the continuation of maintenance and support services while contract negotiations with WFS for a new sole source agreement for these services is being finalized. In addition, this will provide the necessary time for WFS

to complete its obligation under the current agreement to address the final deliverables associated with the workflow features of Optima 3.

Negotiations for the new agreement have been conducted over conference calls since March, 2006. Based upon these discussions, TTC and WFS met face-to-face on August 7 and 8, 2006, to negotiate the revised version of the new agreement. Due to the complexity of some provisions, it was mutually decided by WFS and TTC to extend the current agreement. Both parties are committed to reaching a successful conclusion of the last remaining issues. Upon successful completion of contract negotiations and finalization of the Image Archive component, it is TTC's intent to seek approval from your Board for this new agreement for maintenance and support services for the System.

The County's Chief Information Officer concurs with this Amendment. County Counsel has approved the Amendment as to form.

If you should have any questions, please contact Henry Román, Assistant Treasurer and Tax Collector, at (213) 974-0703.

MJS:WMH:evt

WFS Board Deputy Memo Amend 6 8-24-06

Attachment



**COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 437
LOS ANGELES, CA 90012



MARK J. SALADINO
TREASURER AND TAX COLLECTOR

August 29, 2006

TELEPHONE
(213) 974-2101

FACSIMILE
(213) 626-1812

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**RECOMMENDATION TO APPROVE AMENDMENT NUMBER SIX TO
AGREEMENT NUMBER 72748 WITH WAUSAU FINANCIAL SYSTEMS, INC.
TO EXTEND THE TERM OF AGREEMENT
(3 VOTES)**

**CIO RECOMMENDATION: (X) APPROVE () APPROVE WITH MODIFICATION
() DISAPPROVE**

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and instruct the Mayor to sign the attached Amendment Number Six to Agreement Number 72748 (Exhibit 1) with Wausau Financial Systems, Inc. (WFS) to extend the term of the Agreement, including maintenance and support services on a month-to-month basis, at the County's option, through no later than January 31, 2007, which will increase the maximum County obligation by \$88,760 for a total of \$3,983,139 over the entire term of the Agreement.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On June 6, 2000, your Board approved an Agreement with WFS for a Remittance Processing and Image Archive System (System). This System was implemented in August 2000 and currently processes over eight (8) million payment transactions per year for various accounts receivable applications, including property tax. The Remittance Processing component of the System provides an enhanced automated payment process including, daily bank deposits, while the Image Archive component of the System supports the imaging of the payment transactions and provides a search engine to facilitate the archiving and research associated with the processed transactions.

The Treasurer and Tax Collector (TTC) is requesting that your Board approve Amendment Number Six to the Agreement, which will extend the term of the Agreement

on a month-to-month basis, at County's option, through no later than January 31, 2007. This Amendment will enable the continuation of maintenance and support services while contract negotiations with WFS for a new sole source agreement for these services is being finalized. In addition, this will provide the necessary time for WFS to complete its obligation under the current agreement to address the final deliverables associated with the workflow features of Optima 3.

Negotiations for the new agreement have been conducted over conference calls since March, 2006. Based upon these discussions, TTC and WFS met face-to-face on August 7 and 8, 2006, to negotiate the revised version of the new agreement. Due to the complexity of some provisions, it was mutually decided by WFS and TTC to extend the current agreement. Both parties are committed to reaching a successful conclusion of the last remaining issues. Upon successful completion of contract negotiations and finalization of the Image Archive component, it is TTC's intent to seek approval from your Board for this new agreement for maintenance and support services for the System.

Implementation of Strategic Plan Goals

The System provided by this Agreement is in accordance with this Department's approved Business Automation Plan. Successful performance and support of the System will also meet the County's Strategic Plan Goals of Organizational Effectiveness and Service Excellence.

FISCAL IMPACT/FINANCING

The maximum amount of this Amendment Number Six is \$88,760 for continuing hardware and software maintenance and support services. The Department has sufficient funds in its current budget to cover the maximum amount of the Amendment.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On June 6, 2000, your Board approved the current agreement with WFS following a competitive bid process. On five subsequent occasions, the Board approved amendments to the current agreement. Amendment Number One provided software, hardware and professional services to upgrade the Image Archive component of the System with a more robust document imaging and management system called Optima 3 IMS. Amendment Number Two provided for a hardware and system software upgrade to the Remittance Processing component of the System to accommodate the TTC's conversion to the latest supported version of the Microsoft server and client operating system software. Amendment Number Three expanded the electronic document management capabilities of the Remittance Processing and Image Archive component of the System by consolidating mail extraction and document imaging processes, extended the term of the Agreement for six (6) months to complete the System capabilities expansion, and endorsed the majority ownership transfer of WFS to the Frontenac Company, Inc. Amendment Number Four extended the Agreement to complete testing of all System enhancements during simulated as well as actual tax payment peak periods and allowed for continuation of maintenance and support services during this period. Amendment Number Five extended the term of the Agreement in order to allow WFS to

complete implementation of the Optima 3 IMS component of the System, and for County to confirm its Final Acceptance, and for continued System maintenance and support.

In accordance with Board policy requiring advance notification of prospective large sole source agreements, TTC advised your Board on March 8, 2006, of TTC's intent to enter into sole source negotiations with WFS for the provision of maintenance and support services for the Remittance Processing and Image Archive System provided by WFS.

The County's Chief Information Officer concurs with the Department's recommendation (see attached analysis). The attached Amendment Number Six has been reviewed and approved as to form by County Counsel.

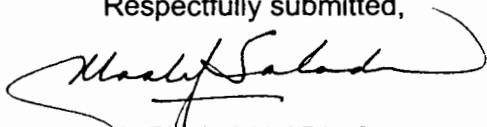
IMPACT ON CURRENT SERVICES

There is no impact on current services. This extension will allow for continuation of hardware and software maintenance and support services during contract negotiations between TTC and WFS for continued System maintenance and support services.

CONCLUSION

Instruct the Executive Officer/Clerk of the Board to return two (2) signed originals of Amendment Number Six to Agreement No. 72748 and one (1) adopted stamped Board letter to TTC.

Respectfully submitted,



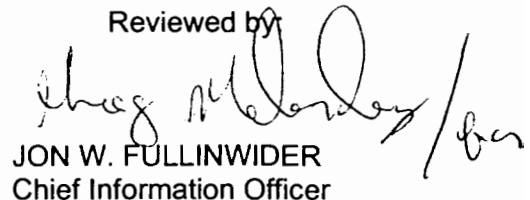
MARK J. SALADINO
Treasurer and Tax Collector

MJS:WMH
EVT:evt

Attachments

c: Auditor-Controller
Chief Administrative Officer
Chief Information Officer
County Counsel

Reviewed by



JON W. FULLINWIDER
Chief Information Officer